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SUBJECT: ZAGREB DAILY ACTIVITY REPORT: JANUARY 13, 2010

¶1. (U) PM KOSOR MEETING WITH SLOVENE PM PAHOR TODAY: Prime Minister Jadranka Kosor is traveling to Kranjska Gora in Slovenia today for a working lunch with Slovenian PM Borut Pahor. Topics for discussion will include the status of the Slovenia-Croatia Arbitration Agreement for the border dispute, which has been ratified by Croatia but is still pending ratification in Slovenia. The PMs will also discuss next steps regarding the three EU accession negotiation chapters (environment, fisheries, and foreign policy) that Slovenia still has not permitted the EU to open with Croatia. Croatian media reported a statement earlier this week by a Slovene MFS spokesman indicating that Slovenia expected the three chapters would be able to be opened in the second half of February.

¶2. (U) EXTENSIVE POSITIVE MEDIA COVERAGE ON OBAMA'S LETTER TO PRESIDENT-ELECT JOSIPOVIC: All major Croatian newspapers ran positive coverage about President Barack Obama's January 12 letter of congratulations to President-elect Ivo Josipovic. Many of the papers printed the entire text of the letter and highlighted U.S. support for Croatia's EU accession and reform efforts.

¶3. (U) FREEDOM HOUSE RAISES CROATIA'S RATING ON POLITICAL RIGHTS: Croatia improved its rating on political rights and freedom in the latest edition of Freedom in the World, the annual survey of global political rights and civil liberties by the U.S. based NGO Freedom House. The report raised Croatia's rating for political rights to the highest category (1 on a 7 point scale) because of the GoC's work on minority rights for both Serbian and Roma communities in Croatia. Croatia's rating for civil liberties remained at 2. Croatian media noted that Croatia now shares the same ratings as EU members Italy and Greece, and is rated higher than Bulgaria or Romania.

¶4. (U) FOREIGN INVESTMENT IN CROATIA DOWN 28% TO \$2.46 BILLION, SAYS NATIONAL BANK: Foreign Direct Investment (FDI) in Croatia amounted to \$2.46 billion (1.7 billion EURO) according to data released by the Croatian National Bank January 12. Overall investment in the first three quarters of 2009 declined by 28.2 percent compared with the same period in 2008. Wholesale trade, banking, and trade intermediation account for 76% of FDI in Croatia. The biggest foreign investors in Croatia for the first nine months of 2009 were the Netherlands, Austria, and Luxembourg.

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